

**BUREAU OF LAND MANAGEMENT  
POLICY FOR MINERAL MATERIALS MANAGEMENT  
INSPECTION AND ENFORCEMENT/PRODUCTION VERIFICATION AND APPRAISAL**

Q. What is the purpose of this document?

A. To provide standards to ensure nationwide consistency in the management and implementation of the Inspection and Enforcement and Production Verification (I&E/PV) program and to ensure the recognition and receipt of fair market value for the disposal of mineral materials, while still allowing a certain degree of flexibility to accommodate local conditions.

Q. Why conduct inspections?

A. Inspections are conducted to ensure national uniformity and consistency in the BLM's requirements for, and monitoring of, operator compliance with the Materials Act of 1947, the 43 CFR 3600 regulations, as well as the permit or contract, the mining and reclamation plan, and Bureau established requirements (policy).

The BLM's goal is 1) accurate accounting for materials removed, 2) proper compensation to the Federal Government, 3) protection of the environment, public health, and safety, and 4) identification and resolution of mineral trespass.

Q. What is included in I&E?

A. I&E includes on-the-ground site visits to monitor and ensure proper compliance with the law and regulations, policy, and mine and reclamation plan. The I&E also includes environmental, permit, and contract stipulation monitoring; the identification and resolution of unnecessary or undue degradation; and the identification and resolution of mineral trespass. The issuance of, and follow-up on, notices of noncompliance are also an inherent part of I&E.

The BLM field employees must monitor all aspects of an operation, including site development, operational phases, and reclamation for adherence to the established requirements. Many problems with mineral material disposal result because the permittee or party to a contract is unaware of the established requirements. An effective method is to review the contract with the operator in the office before mining begins. The BLM personnel should be familiar with all other Federal, State, and local requirements for the mineral material disposal site. The implementation of the inspection and enforcement program may require coordination with other Federal agencies and State and local governments.

It is important that operations are conducted consistent with acceptable industry practices and that surface impacts and other environmental concerns are fully addressed.

Problems identified during an inspection will be documented in an inspection report. The permittee must be notified of corrective measures needed and the dates by when the remedial actions must be completed. Within a reasonable time period, the site must be reinspected in order to ensure that the operator has adequately corrected the problem.

Q. What is the purpose of production verification?

A. The purpose of conducting production checks at the disposal site is to independently verify reported production, thus ensuring production accountability. Monitoring and verification of reported production and payments to enforce contract provisions are integral part of PV. Any identified deficiencies must

have follow up to ensure that operators have made all payments required by the contract. Independent PV is the BLM's goal in the Mineral Materials Program.

Q. What techniques are used for PV?

A. The techniques utilized for PV range from visual estimates of produced volumes made during field inspections to the use of high-tech methods which quantify the volume of material removed. [see Attachment 2]

Q. How do I select which PV methods to use?

A. The type of PV used should reflect the accuracy needed. Attachment 2 contains operator submittal requirements and some of the PV methods that have been identified by BLM field personnel as useful to determine the quantity of material extracted and/or removed from the site. It is important to document the casefile with the method and supporting data used to determine the quantity extracted for each pit. Photographs, as appropriate, should be part of the casefile and are valuable in recording field observations.

Q. What are the minimum requirement for inspection of sale contracts?

A. The number of inspections are based on the size of disposal. The following table shows minimum frequency requirements for I&E/PV based on annual production. More frequent I&E/PV shall be conducted where conditions warrant. Refer to Attachment 2 for PV Methods and operator submittal requirements.

Annual Production	I&E/PV Requirement
<b>Less than 100 Cubic Yards (cy)</b>	I&E/PV will be conducted at the discretion of the AO.
<b>Between 100 and 5,000 Cubic Yards (cy)</b>	I&E/PV shall be conducted at least once during the term of the contract. For contracts of greater than 1 year, I&E/PV will be conducted at least once annually. The PV will include, at a minimum, a field inspection. A operator submittal is required at the end of the contract or annually for multiple year contracts. Other field methods may be required of the operator, as appropriate.
<b>Between 5,000 and 15,000 Cubic Yards (cy)</b>	I&E/PV shall be conducted at least twice a year. The PV will include, at a minimum, field inspection. An operator submittal is required at the end of the contract or annually for multiple year contracts. Other field methods may be required of the operator, as appropriate.
<b>Over 15,000 Cubic Yards (cy)</b>	I&E/PV shall be conducted at least twice a year. More frequent I&E/PV should be planned for larger sales, on the order of once a month. Inspections should include an examination of the operator's PV methods (i.e. survey control points, scales, etc.). The operator shall be required to provide a Pre- and Post-Survey of the disposal site. Annual surveys for pit dimensions and volume removed shall be required of contracts that exceed 1 year in duration. At least one operator submittal is required on a quarterly basis.

State Offices will maintain an annual listing of all sites with current or potential sales of 15,000 cubic yards or more annually for which surveys have not been made. These sites should be ranked by sales volume and prioritized for survey within the limits of available resources.

Q. What are the requirements for free use permits?

A. Compliance inspections shall be conducted at least once a year during the life of the permit. Inspections are discretionary for removals of less than 500 cy on an annual basis. The operator is required to provide annual reports on actual production. The AO should ensure that the permittee complies with this requirement. Any other method of PV is at the discretion of the AO.

Q. How will I/E and PV conducted in situations where the BLM has determined that the operator is in trespass?

A. Once the BLM has determined that an operator is in trespass, the AO shall issue a trespass notice and conduct a survey of the site. Survey methods or other techniques shall be conducted to verify the amount removed (visual estimates are not adequate). The operator shall be required to submit all documentation relating to the material removed. The AO will increase the frequency of inspections to address the circumstances when a trespass is discovered. Inasmuch as inspection for trespass is to be an inherent part of the compliance inspection, once a trespass is identified, the trespass shall be processed as a highest priority.

#### **High Demand Areas**

Q. What are High Demand Areas?

A. These are areas that the State Office, along with the Field Offices, identifies as experiencing large or multiple sales or are encountering significant trespass.

Q. What are the requirements for Offices with High Demand Areas?

A. Field Offices that have high demand areas shall have office plans for I&E/PV on file. All other Field Offices are encouraged to develop office plans. An office plan will be formulated at the beginning of each fiscal year and updated as work progresses. The office plan will consist of an inspection plan and a PV plan developed at the field level that identify workload and staffing requirements. Office plans will consist of a summary sheet including an estimate of annual production, type of disposal action, number of inspections per year, and time needed to complete required inspections.

In high demand areas it is the BLM's goal that at least two positions be dedicated exclusively for the mineral materials program. One individual should have a strong background in I&E/PV and the other will be used to administer all other aspects of the program.

#### **Appraisals**

Q. Why are appraisals needed?

A. The regulations under 43 CFR 3610.1-2(a) require that mineral materials shall not be sold at less than fair market value as determined by appraisal: The BLM Manual Section 3630 requires that appraisals over 2 years old are not to be used to determine fair market value. Reappraisals of materials under sales contracts are conducted at intervals of not less than 2 years. The mineral material

appraiser shall use methods for conducting appraisals that are recognized in the Mineral Material Appraisal Manual 3630 and H-3630-1 Handbook.

States that have large mineral material programs or are finding cost inefficiencies in conducting site specific appraisals should consider a statewide appraisal. The appraisal should establish zones within the State to consider the local market conditions. For special commodities and large sales, site specific appraisals are still preferred.

Q. Can we extend the life of an appraisal report more than 2 years?

A. The effective life of mineral material appraisals may be extended by applying appropriate price indices. Instead of conducting a new appraisal every 2 years, an appropriate Producer Price Index published by the U.S. Bureau of Labor Statistics would be used to adjust the estimate of the fair market value. For sales, however, such an adjustment, is not recommended for more than 6 years from the date of the original appraisal. After 6 years a new appraisal will be performed. For free use permits, price indexing may be utilized on appraisals that are more than 6 years old.

For all appraisals, checks should be conducted periodically within the appraisal area to ensure that the appraisal is still reasonable.